

From the OU5 ROD:

1.1.2 Enforcement Activities

In October, 1984, SCMCI's parent company, Galactic Resources, Inc. obtained a mine permit for a full-scale open pit and heap leach operation from the Mined Land Reclamation Division (now the Division of Minerals and Geology). Construction on the Heap Leach Pad commenced in 1985, continued through the winter, and was completed during the summer of 1986. Numerous difficulties were experienced while constructing the Heap Leach Pad through the winter months, including several snow avalanches that damaged the pad liner. The Heap Leach Pad was originally designed as a zero-discharge facility. Water balances performed during the mine design phase assumed that ore placed on the Heap Leach Pad would be separated from snow accumulations by a temporary cover during the winter. SCMCI later opted not to cover the Heap Leach Pad in the winter. Consequently, snowmelt added a significant volume of water to the Heap Leach Pad that was not included in the original water balance.

The initial application of cyanide solution to ore on the Heap Leach Pad began on June 5, 1986. Within one week (June 10), cyanide was detected in the leak detection system, an indication that the Heap Leach Pad's primary liner was leaking. There were several cyanide leaks/ spills from the pumpback system in 1987, for which both the Colorado Water Quality Control Commission and the Mine Land Reclamation Board issued Notice of Violations. When SCMCI began placing waste rock in the Cropsy Waste Pile upstream of the Heap Leach Pad, excess acid mine drainage generated in this area was also added to the Heap Leach Pad. This addition not only added to the growing water imbalance problems, but the acid mine drainage chemistry impacted the efficiency of the cyanide leaching process. Consequently, metals recovery suffered.

With all the additional water inputs to the Heap Leach Pad, SCMCI was forced to change its operation from that of a zero-discharge to a discharging facility. In May, 1989, the Water Quality Control Division approved SCMCI's discharge permit for a water treatment plant designed to treat contaminated water from the site, and to discharge the effluent to

Wightman Fork. Because the water treatment plant could not adequately treat the volume of water to the standards required by the Water Quality Control Division permit, SCMCI received approval from the Mine Land Reclamation Division and the Water Quality Control Division to land apply contaminated water on-site. In a July, 1990 inspection of the site, the Water Quality Control Division discovered that the land application system was resulting in overland flow of land applied fluids into Wightman Fork. In February, 1991, after monitoring rising concentrations of cadmium, copper, zinc, and cyanide in Wightman Fork, the State of Colorado cited SCMCI for violations of water quality rules and regulations for discharging without a permit and issued a Cease and Desist Order to SCMCI. A Remedial Measures Plan was developed as a result of this order. A number of Notice of Violations were issued throughout 1991 and 1992 for a variety of permit violations. At this time, fish kills in the Alamosa River were reported.

On December 3, 1992, SCMCI announced pending bankruptcy and informed the State of Colorado that financial support for site operations would not continue beyond December 15, 1992. On December 4, 1992, the State of Colorado requested emergency response assistance from the U. S. EPA. On December 16, 1992, the U. S. EPA Region VIII Emergency Response Branch, as part of an Emergency Response Removal Action, assumed control of the site. The U. S. EPA immediately began water treatment plant modifications to treat cyanide-contaminated leachate from the Heap Leach Pad and acid mine drainage from the French Drain Sump, Cropsy Waste Pile, and Reynolds Adit.

Site operation oversight was undertaken by the U. S. Bureau of Reclamation (U. S. BOR) under an inter-agency agreement with the U. S. EPA. In December, 1992, Environmental Chemical Corporation, under the direction of the U. S. BOR, began conducting an engineering evaluation and subsequently began modifications to water treatment processes and facilities.

The site was added to the Superfund National Priorities List on May 31, 1994. Since the U.S. EPA takeover of the site, the State of Colorado, Division of Mining and Geology, CDPHE Water Quality Control Division and Hazardous Materials and Waste Management Division have participated in joint reviews and planning related to the interim remedial actions

implemented at the site. In 1996, the U. S. EPA began transferring lead for certain work at the site to CDPHE. These lead activities include the site-wide reclamation (OU4), Remedial Investigation/Feasibility Study and Remedial Design/Remedial Action (OU5), and other remedial investigations.

On December 22, 2000, the United States Department of Justice and the State of Colorado announced that they had reached a settlement with Robert M. Friedland, the former President and Chief Executive Officer of Galactic Resources, Ltd. The settlement provides for Mr. Friedland to pay a total of \$27,750,000, with \$5,000,000 going to natural resource damages, and the remainder to CDPHE and U. S. EPA for future remediation and operation and maintenance at the site. The settlement agreement was approved by the United States District Court in June 2001.